

**HIGHLIGHTS FROM APRIL 11, 1997, VTC
“THE ROLE OF THE MANAGEMENT COUNCIL”
WITH
MAJOR GENERAL ROBERT W. DREWES**



CHART #1: MANAGEMENT COUNCIL

- Purpose of VTC is to discuss the Management Council as a tool to help not only with the Single Process Initiative (SPI), but with a range of other issues as well.
- The Management Council is more than just a meeting, it is an opportunity, and in order to make it the most effective, we need to have a common understanding of what we mean by a Council.



CHART #2: A HIGH PERFORMANCE TEAM

- A Management Council is a high performance team; it is the bringing together of all the stakeholders involved with business activities at a particular contractor facility.
- Through effective communication, the Council addresses and resolves performance issues, and it facilitates and coordinates multiple initiatives for managing and improving our business activities.

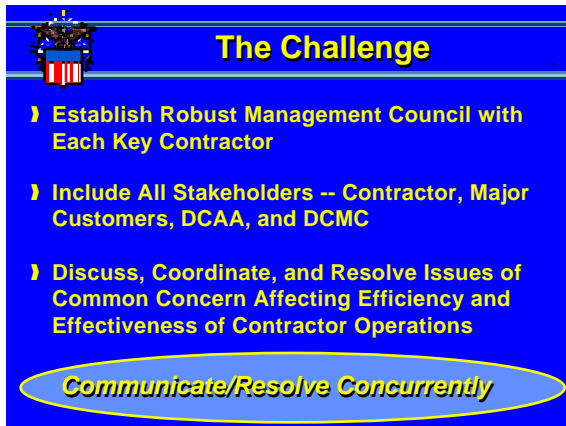


CHART #3: THE CHALLENGE

- The challenge is to establish a robust Council with a contractor in order to discuss issues in a concurrent manner so as to promote a common understanding in the shortest amount of time.
- A complete Council includes all stakeholders, including the contractor, major customers, DCAA, and DCMC.
- Stakeholders should not compromise their professional standards or opinions, instead they should represent their profession to the best of your ability.
 - The Council provides a forum for sharing opinions and seeking solutions.
 - Contracting officers and auditors must retain authority and accountability for their independent decision making responsibilities; however, the Council can provide them with a comprehensive understanding of the issues, enabling them to quickly make informed judgments.
- Do not discuss issues involving ongoing investigations related to fraud, waste, or abuse; refer to AQ Policy Memo on "Utilization of DCMC Legal Resources", Feb 20, 1996.



CHART #4: INCLUDE ALL STAKEHOLDERS

- Form Management Councils to support all major acquisition programs with the top 200 contractors, i.e., those who account for about 80 percent of the annual obligations by the Department of Defense.

-- When DCMC is administering both prime contracts and subcontract delegations, the CAO may suggest the contractor consider inviting their prime contractor(s), or the cognizant Government program office to participate.

-- Government has privity of contract only on its prime contracts; therefore, if there is no contractual relationship between the Government and a contractor, then there is no reason to form a Management Council.

- Council representatives need to be as senior as possible; however, they may not always be the same people participating depending upon the size of the contractor.

-- They should be the president, senior vice-president, or the COO of the contractor, someone very senior.

-- For the buying activity, when talking about programs, they should be the program manager or the deputy program manager.

--- Component team leaders may also be effective in addressing a broad range of issues beyond SPI.

--- DCMC field Commander should take the initiative and ask program managers to support Management Council activities, if not successful, they then should elevate the request through the DCMC chain-of-command.

-- The DCAA representative should be the resident auditor, and from DCMC, the Commander of the CAO.

- Senior representatives should develop a means to communicate, to be able to resolve problems, to be able to reach consensus on solutions on a more rapid basis.

- Tailor the above Management Council approach for other than the top 200 or 80% dollar obligation contractors.

-- Small program office customers that can not frequently travel to attend meetings can participate in Management Council activities via VTC, reports, and telephone.

-- Midsize and small contractors may have annual or semiannual gatherings.

-- DCMC Field Commanders may designate a representative, but consistent representation should be maintained.

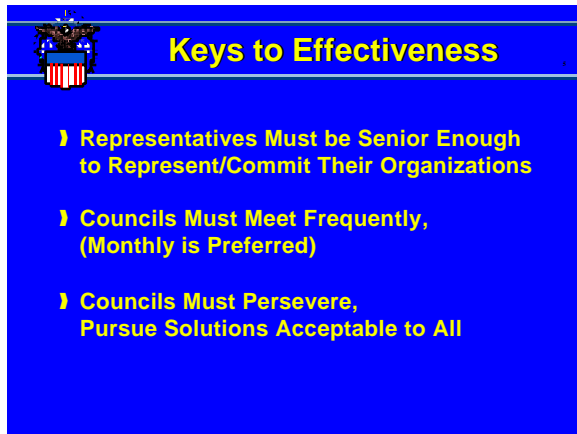


CHART #5: KEYS TO EFFECTIVENESS

- Must meet frequently on a regular basis (ideally monthly) to discuss issues of common concern and to develop a spirit of understanding and trust. The maximum span of time between meetings is quarterly; however, through out a year you might meet every month, but sometimes skip a couple of months.

- Talking issues face-to-face avoids the gridlock created by sending letters back and forth or communicating via telephone calls or reports.

- Once you understand each other through face-to-face contact, then you can use VTCs to minimize travel costs and overcome logistical limitations.

- Membership can not change too frequently.

- Consistency between the representatives is needed to ensure continuity from one meeting to another.

- Council members need a high degree of perseverance because it will not go smoothly at first especially, when you are trying to understand other's points of view; it takes time and commitment.

- Respect opinions, understand them so that through greater understanding we reach a mutual accommodation, which does not compromise anyone's standards.

- Management Councils with the above attributes can be useful for sharing perspectives and can also lead to greater efficiency in overall operations beyond just the SPI.

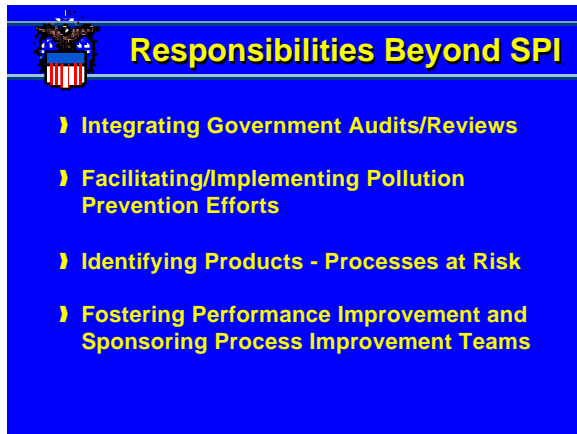


CHART #6: RESPONSIBILITIES BEYOND SPI

- Integrate government audits where possible; focus on program office and customer reviews and requirements (sometimes called “red teams”, or IPTs); share similar contractor information in order to reduce travel costs and limit the disruptive impact on contractor operations.
- Eliminate hazardous materials by pursuing pollution prevention efforts such as those being promulgated by the joint logistics commanders.
- Foster performance improvement by sponsoring joint process improvement teams.

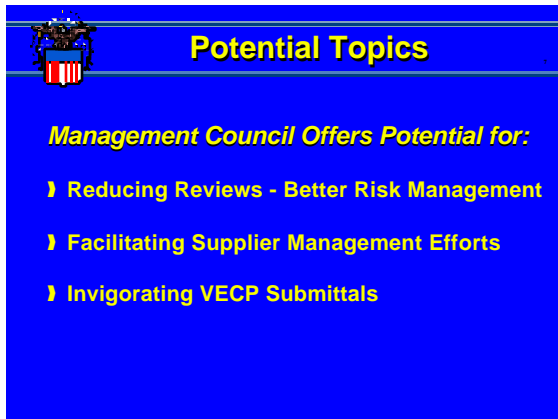


CHART #7: POTENTIAL TOPICS

- Potential topics for Management Council consideration beyond SPI are as follows:
 - Management Councils offer the potential for reducing reviews and fine-tuning risk assessments.
 - Facilitate supplier management efforts by discussing different approaches to evaluate supplier performance, including how each Management Council member might support the evaluation process.
 - Consider value engineering change proposals as an area for greater emphasis.



CHART #8: MORE POTENTIAL TOPICS (BACKUP)

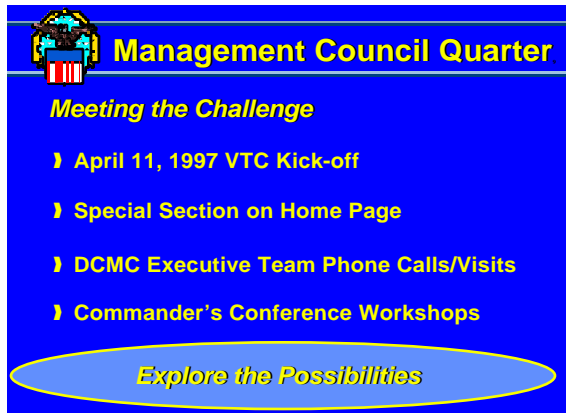


CHART #9: MANAGEMENT COUNCIL QUARTER

- DCMC is dedicating the next three-months (April, May, June), to develop a much greater understanding, appreciation for, and utilization of Management Councils.
- Special Management Council section added to DCMC home page to provide more information.
- DCMC executive team members will be making phone calls and visiting DCMC field commanders to discuss Management Councils.
- Management Council workshops to be conducted at May Commander's conference.

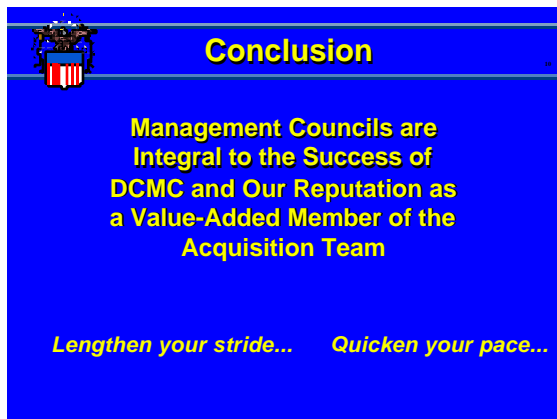


CHART #10: CONCLUSION

- Management Councils are integral to the success of DCMC's mission, and they enhance its reputation as a value-added member of the acquisition team.
- DCMC is part of a team that includes DCAA, the contractor, and the buying offices.